

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

N

W-02860A
Naco Water Company, L.L.C.
PO Box 85160
Tucson, AZ 85754

ANNUAL REPORT

FOR YEAR ENDING

12	31	2006
----	----	------

FOR COMMISSION USE

ANN 04	06
--------	----

PROCESSED BY:

4-20-07

SCANNED

COMPANY INFORMATION

Company Name (Business Name) <u>Naco Water Company, LLC</u>			
Mailing Address <u>P0 Box 85160</u>			
<u>Tucson,</u>		<u>AZ</u>	<u>85754</u>
(City)		(State)	(Zip)
<u>520-623-5172</u>		<u>520-792-0377</u>	
Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____			
Local Office Mailing Address <u>Same</u>			
(Street)			
(City)		(State)	(Zip)
Local Office Telephone No. (Include Area Code)		Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____			

MANAGEMENT INFORMATION

Management Contact: <u>Southwestern Utility Management, Inc.</u>			
<u>Bonnie O'Connor</u>		<u>Vice President</u>	
(Name)		(Title)	
<u>P0 Box 85160</u>	<u>Tucson</u>	<u>AZ</u>	<u>85754</u>
(Street)	(City)	(State)	(Zip)
<u>520-623-5172</u>	<u>520-792-0377</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)		Pager/Cell No. (Include Area Code)
Email Address <u>SWUMGMT@aol.com</u>			
On Site Manager: <u>Jose Martinez</u>			
(Name)			
<u>P0 Box 85160</u>	<u>Tucson,</u>	<u>AZ</u>	<u>85754</u>
(Street)	(City)	(State)	(Zip)
<u>520-623-5172</u>	<u>520-792-0377</u>		
Telephone No. (Include Area Code)	Fax No. (Include Area Code)		Pager/Cell No. (Include Area Code)
Email Address _____			

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Marty Ryan, LTD
 (Name)

6262 N. Swan Rd., Ste 290 Tucson AZ 85718-3600
 (Street) (City) (State) (Zip)

520-299-8117 520-299-7860
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: Marty Ryan, LTD
 (Name)

SAME
 (Street) (City) (State) (Zip)

SAME
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|---|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input checked="" type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|---|-----------------------------------|
| <input type="checkbox"/> APACHE | <input checked="" type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME	Naco Water Co.
---------------------	----------------

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	198	N/A	198
302	Franchises	-0-	N/A	-0-
303	Land and Land Rights	4345	N/A	4345
304	Structures and Improvements	5918	1899	4019
307	Wells and Springs	77391	30742	46649
311	Pumping Equipment	148228	60688	87540
320	Water Treatment Equipment	1971	795	1176
330	Distribution Reservoirs and Standpipes	136659	48366	88293
331	Transmission and Distribution Mains	513601	151213	362388
333	Services	37950	15740	22210
334	Meters and Meter Installations	28751	17621	11131
335	Hydrants	34717	10473	24244
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	9202	9065	137
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	140	56	84
344	Laboratory Equipment			
345	Power Operated Equipment	2818	2818	-0-
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	1,001,890	349,476	652,414

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

Naco Water Company

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	198	n/a	n/a
302	Franchises			
303	Land and Land Rights	4345	n/a	n/a
304	Structures and Improvements	5918	5%	1899
307	Wells and Springs	77391	5%	2455
311	Pumping Equipment	148228	5%	4607
320	Water Treatment Equipment	1971	5%	62
330	Distribution Reservoirs and Standpipes	136659	5%	4647
331	Transmission and Distribution Mains	513601	5%	19073
333	Services	37950	5%	1169
334	Meters and Meter Installations	28751	5%	586
335	Hydrants	34717	5%	1276
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	9202	5%	7
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment	140	5%	4
344	Laboratory Equipment			
345	Power Operated Equipment	2818	5%	-0-
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant			
	TOTALS	1,001,890		34,098

This amount goes on the Comparative Statement of Income and Expense _____
 Acct. No. 403.

BALANCE SHEET

Acct .No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 6874.80	\$ 4588.05
134	Working Funds	46713.49	76556.50
135	Temporary Cash Investments		
141	Customer Accounts Receivable	24072.62	27198.72
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments		
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 77660.91	\$ 108343.27
	FIXED ASSETS		
101	Utility Plant in Service	\$ 985548.69	\$1001889.00
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(361112.00)	(349475.00)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 669436.69	\$ 652424.00
	TOTAL ASSETS	\$ 747097.60	\$ 760757.27

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 98630.55	\$ 136720.03
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	14178.74	14719.26
236	Accrued Taxes	868.08	902.61
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	17000.00	17000.00
	TOTAL CURRENT LIABILITIES	\$ 130677.37	\$ 169341.90
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 450613.16	\$ 419172.60
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	36833.16	36833.16
272	Less: Amortization of Contributions	(15113.80)	(15113.80)
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 21719.36	\$ 21719.36
	TOTAL LIABILITIES	\$ 603009.89	\$ 610233.86
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$	\$
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	1263.40	7699.10
218	Proprietary Capital (Sole Props and Partnerships)	142824.31	142824.31
	TOTAL CAPITAL	\$ 144087.71	\$ 150523.41
	TOTAL LIABILITIES AND CAPITAL	\$ 747097.60	\$ 760757.27

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$172504.34	\$ 186730.97
460	Unmetered Water Revenue		
474	Other Water Revenues	2052.58	2840.73
	TOTAL REVENUES	\$174556.92	\$ 189571.70
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 14569.91	\$ 18532.26
610	Purchased Water		
615	Purchased Power	10638.23	12702.63
618	Chemicals		
620	Repairs and Maintenance	20470.65	12248.75
621	Office Supplies and Expense	4268.29	4140.54
630	Outside Services	51991.73	59765.10
635	Water Testing	3599.92	2036.35
641	Rents	2539.52	2431.10
650	Transportation Expenses	5524.56	5316.00
657	Insurance – General Liability	3312.00	3385.00
659	Insurance - Health and Life	2168.36	2925.15
666	Regulatory Commission Expense – Rate Case	4163.65	3610.34
675	Miscellaneous Expense	13972.83	13040.90
403	Depreciation Expense	35033.00	34098.00
408	Taxes Other Than Income		
408.11	Property Taxes	10322.83	10396.73
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 182575.50	\$ 184628.85
	OPERATING INCOME/(LOSS)	\$ (8018.58)	\$ 4942.85
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 374.48	\$ 912.45
421	Non-Utility Income	131.31	3985.37
426	Miscellaneous Non-Utility Expenses	(1664.30)	0
427	Interest Expense	3516.41	3290.97
	TOTAL OTHER INCOME/(EXPENSE)	\$ (1346.31)	\$ 1606.85
	NET INCOME/(LOSS)	\$ (9364.90)	\$ 6549.70

COMPANY NAME	Naco Water Company
---------------------	--------------------

SUPPLEMENTAL FINANCIAL DATA
Long-Term Debt

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	5/3/99			
Source of Loan	WIFA			
ACC Decision No.	61070			
Reason for Loan	System Upgrade			
Dollar Amount Issued	\$ 671,000	\$	\$	\$
Amount Outstanding	\$ 419,173	\$	\$	\$
Date of Maturity	5/3/2019			
Interest Rate	3.375 %	%	%	%
Current Year Interest	\$ 3195	\$	\$	\$
Current Year Principle	\$ 31440	\$	\$	\$

Meter Deposit Balance at Test Year End	\$ 7689.
--	----------

Meter Deposits Refunded During the Test Year	\$ 1348.50
--	------------

COMPANY NAME	Naco Water Company, L.L.C.
Name of System	ADEQ Public Water System Number (if applicable) 02-024

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-575700	15	182	410	10	4	1999
55-562944	10	80	312	8	3	1997

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	2	18	
15	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20,000	1	2,000	1
50,000	1	5,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Naco Water Company, L.L.C.
Name of System	ADEQ Public Water System Number (if applicable) 02-112

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-551849	15	85	450	8	4	1995

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
7.5	2		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
20,000	1	2,000	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Naco Water Company, L.L.C.
Name of System	ADEQ Public Water System Number (if applicable) 02-133

WATER COMPANY PLANT DESCRIPTION

WELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-203321	5	35	312	6	2	2004

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
None		

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
5	1		

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
7,5-0	1	750	1

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME	Naco Water Company, L.L.C.
Name of System	ADEQ Public Water System Number (if applicable)

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC/Steel	11,470
3	ABS	1,160
4	PVC/ABS	9,825
5		
6	PVC	13,240
8		
10		
12		
2 1/2	PVC	1,100
1	PVC/Steel	6,180
1 1/2	PVC	3,000

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	350
3/4	
1	6
1 1/2	1
2	9
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:

4 Chlorinators

STRUCTURES:

1,100' of Fence

OTHER:

Note: If you are filing for more than one system, please provide separate sheets for each system.

COMPANY NAME: Naco Water Company, L.L.C.	
Name of System	ADEQ Public Water System Number (if applicable) 02-024

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	286	1607	1909	0
FEBRUARY	286	1576	1663	0
MARCH	286	1501	1739	0
APRIL	286	1937	2258	0
MAY	286	2407	2784	0
JUNE	286	2691	3337	0
JULY	286	2230	2765	0
AUGUST	286	1876	2720	0
SEPTEMBER	286	1692	2405	0
OCTOBER	286	1461	1980	0
NOVEMBER	286	1301	1606	0
DECEMBER	286	1650	1796	0
TOTALS →		21930	26962	0

What is the level of arsenic for each well on your system? 0.0050
0.0058 **mg/l**
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? 250 GPM for 2 hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ Yes ☐ No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME: Naco Water Company, L.L.C.

Name of System ADEQ Public Water System Number (if applicable) 02-112

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	71	379	585	0
FEBRUARY	71	315	407	0
MARCH	71	299	349	0
APRIL	71	359	430	0
MAY	70	471	582	0
JUNE	70	527	597	55
JULY	70	368	452	26
AUGUST	70	355	489	0
SEPTEMBER	70	270	388	0
OCTOBER	70	253	398	0
NOVEMBER	70	228	343	0
DECEMBER	70	249	385	0
TOTALS →		4071	5405	81

What is the level of arsenic for each well on your system? 0.0026 mg/l

(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?

(☒) Yes

(☐) No

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(☐) Yes

(☒) No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

(☐) Yes

(☒) No

If yes, provide the GPCPD amount:

Note: If you are filing for more than one system, please provide separate data sheets for each system.

ADEQ Public Water System Number (if applicable) 02-133

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2006

MONTH/YEAR	NUMBER OF CUSTOMERS	GALLONS SOLD (Thousands)	GALLONS PUMPED (Thousands)	GALLONS PURCHASED (Thousands)
JANUARY	10	47	47	0
FEBRUARY	10	36	36	0
MARCH	10	35	35	0
APRIL	10	43	45	0
MAY	10	68	68	0
JUNE	10	62	65	0
JULY	10	51	54	0
AUGUST	10	46	51	0
SEPTEMBER	10	41	44	0
OCTOBER	10	36	38	0
NOVEMBER	10	34	35	0
DECEMBER	10	37	39	0
TOTALS →		536	559	0

What is the level of arsenic for each well on your system? N/A mg/l
(If more than one well, please list each separately.)

If system has fire hydrants, what is the fire flow requirement? N/A GPM for hrs

If system has chlorination treatment, does this treatment system chlorinate continuously?
☒ (X) Yes ☐ () No

Is the Water Utility located in an ADWR Active Management Area (AMA)?
☐ Yes ☒ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
☐ Yes ☒ No

If yes, provide the GPCPD amount: _____

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Naco Water Company YEAR ENDING 12/31/2006

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2006 was: \$ 10,396.73

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT
Taxes**

VERIFICATION

STATE OF Arizona
I, THE UNDERSIGNED
OF THE

COUNTY OF (COUNTY NAME) <u>Cochise</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Salim S. Dominguez, Jr.</u>
COMPANY NAME <u>Naco Water Company, LLC</u>

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

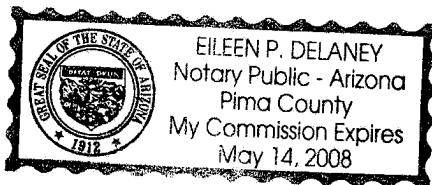
MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2006</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



Salim S. Dominguez, Jr.
SIGNATURE OF OWNER OR OFFICIAL
520-623-5172
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 13~~th~~ DAY OF

COUNTY NAME <u>Pima</u>	
MONTH <u>April</u>	YEAR <u>2007</u>

(SEAL)

Eileen P. Delaney
SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES May 14, 2008

COMPANY NAME Naco Water Company YEAR ENDING 12/31/2006

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported	<u>(\$12,501)</u>
Estimated or Actual Federal Tax Liability	<u>0</u>

State Taxable Income Reported	<u>(\$12,501)</u>
Estimated or Actual State Tax Liability	<u>0</u>

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances	<u>36833.16</u>
Amount of Gross-Up Tax Collected	<u>-0-</u>
Total Grossed-Up Contributions/Advances	<u>36833.16</u>

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

4/13/2007
DATE

Salim S. Dominguez, Jr.
PRINTED NAME

Member
TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
<u>Cochise</u>
NAME (OWNER OR OFFICIAL) TITLE
<u>Salim S. Dominguez, Jr.</u>
COMPANY NAME
<u>Naco Water Company, LLC</u>

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2006</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2006 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 201,294.97

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 11,723.27
IN SALES TAXES BILLED, OR COLLECTED)

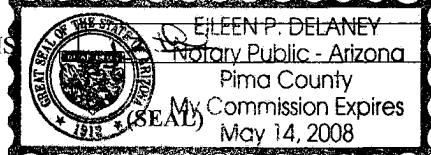
****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**

Salim S. Dominguez, Jr.
SIGNATURE OF OWNER OR OFFICIAL
520-623-5172
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS



DAY OF

COUNTY NAME
<u>Pima</u>
MONTH
<u>April</u>
YEAR
<u>2007</u>

MY COMMISSION EXPIRES May 14, 2008

Eileen P. Delaney
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE**
Intrastate Revenues Only

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) Cochise	
NAME (OWNER OR OFFICIAL) Salim S. Dominguez, Jr.	TITLE Member
COMPANY NAME Naco Water Company, LLC	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2006

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

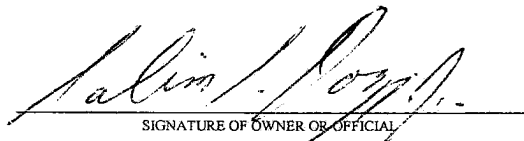
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2006 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ 169,799.31
--

THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 9,892.61
IN SALES TAXES BILLED, OR COLLECTED)

***RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.**


SIGNATURE OF OWNER OR OFFICIAL
520-623-5172
TELEPHONE NUMBER

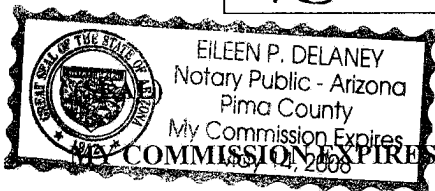
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

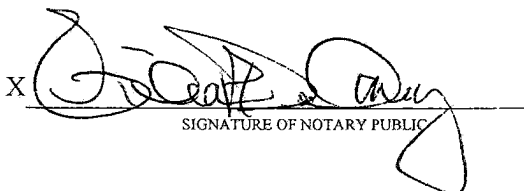
THIS

13th

DAY OF



NOTARY PUBLIC NAME EILEEN P. DELANEY	
COUNTY NAME PIMA	
MONTH APRIL	2007

X 
SIGNATURE OF NOTARY PUBLIC

2006 FIRST HALF PAYMENT COUPON

DETACH AND RETURN WITH PAYMENT

Make check payable to:
Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

Payment in U.S. FUNDS ONLY

Due October 1, 2006

NACO WATER CO

918-02-373 2 0117572

Delinquency Date First Half Payment
Penalty for late payment is 16% per year prorated
monthly as of the 1st day of the month for
payments postmarked after 5:00 P.M. November
1, 2006 (ARS 42-18052 and ARS 42-18053).

TO PAY 1ST HALF ONLY PAY 1,935.81
TO PAY FULL YEAR TAX PAY 3,871.62

If your mortgage company makes your property
tax payments consider this notice as a courtesy
copy for your records only.



029180237300200000193581

Any total property tax of \$100 or less must be paid
in full using the first payment coupon, no later
than November 1, 2006 at 5:00 p.m.



Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee AZ 85603-2778

To pay taxes for the full year, send the 1st half coupon
with your payment postmarked no later than Dec. 31,
2006. Delinquent interest will be waived.

2006 9180237302 1 00000038716200000193581

NACO WATER COMPANY, LLC 10/94
P.O. BOX 85160
TUCSON, AZ 85754
(520) 623-5172

BANK OF AMERICA

1802

91-170/1221

10/30/2006

PAY TO THE ORDER OF Marsha Bonham, Cochise County Treasurer

**5,001.35

Five Thousand One and 35/100 ***** DOLLARS

Marsha Bonham,
Cochise County Treasurer
PO Box 1778
Bisbee, AZ 85603-2778

AUTHORIZED SIGNATURE

MEMO

⑈001802⑈ ⑆122101706⑆ 000003797676⑈

NACO WATER COMPANY, LLC

Marsha Bonham, Cochise County Treasurer

10/30/2006

1802

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
10/10/2006	Bill	918-02-373 2 2006 1s	1,935.81	1,935.81		1,935.81
10/10/2006	Bill	918-02-370 3 2006/1s	278.92	278.92		278.92
10/10/2006	Bill	918-00-271 3 2006/1s	2,483.74	2,483.74		2,483.74
10/10/2006	Bill	918-00-200 7 2006/1s	302.88	302.88		302.88
				Check Amount		5,001.35

2005 SECOND HALF PAYMENT COUPON

Due March 1, 2006

NACO WATER CO

918 00 200 7 115007

Delinquency Date Second Half Payment
Penalty for late payment is 16% per year
prorated monthly as of the 1st day of the month
for payments postmarked after 5:00 P.M.
May 1, 2006 (ARS 42-18052 and ARS 42-
18053).

DETACH AND RETURN WITH PAYMENT

Payment in U.S. FUNDS ONLY

Make check payable to:

Marsha Bonham

Cochise County Treasurer

TO PAY 2ND HALF

PAY

357.45



029180020000700000035745



Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee, AZ 85603-2778

2005 9180020000 2 00000007149000000035745

2005 SECOND HALF PAYMENT COUPON

Due March 1, 2006

NACO WATER CO

918 00 271 3 115008

Delinquency Date Second Half Payment
Penalty for late payment is 16% per year
prorated monthly as of the 1st day of the month
for payments postmarked after 5:00 P.M.
May 1, 2006 (ARS 42-18052 and ARS 42-
18053).

DETACH AND RETURN WITH PAYMENT

Payment in U.S. FUNDS ONLY

Make check payable to:

Marsha Bonham

Cochise County Treasurer

TO PAY 2ND HALF

PAY

2,690.79



029180027100300000269079



Marsha Bonham
Cochise County Treasurer
PO Box 1778
Bisbee, AZ 85603-2778

2005 9180027100 2 00000053815800000269079

NACO WATER COMPANY, LLC 10/94

P.O. BOX 85160
TUCSON, AZ 85754
(520) 623-5172

BANK OF AMERICA

91-170/1221

3/24/2006

1706

PAY TO THE

ORDER OF Marsha Bonham, Cochise County Treasurer

**5,395.38

\$

Five Thousand Three Hundred Ninety-Five and 38/100

DOLLARS

Marsha Bonham, Cochise County Treasurer

MEMO

AUTHORIZED SIGNATURE

Security features. Details on back.

⑈001706⑈ ⑆122101706⑆ 000003797676⑈

NACO WATER COMPANY, LLC

Marsha Bonham, Cochise County Treasurer

3/24/2006

1706

Date	Type	Reference	Original Amt.	Balance Due	Discount	Payment
02/14/2006	Bill	2nd Half 2005	357.45	357.45		357.45
02/14/2006	Bill	2nd Half 2005	2,690.79	2,690.79		2,690.79
02/14/2006	Bill	2nd Half 2005	247.51	247.51		247.51
02/14/2006	Bill	2nd Half 2005	2,099.63	2,099.63		2,099.63
02/14/2006	Bill	2nd Half 2005			Check Amount	5,395.38